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DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

2004

Renewable Resource Grant and Loan Program

APPLICATIONS DUE MAY 15, 2004

PHOTO BY MIKE OATLEY

APPLICATION INSTRUCTIONS AND FORMS FOR GOVERNMENTAL ENTITIES

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Montana Renewable Resource Grant and Loan Program

Application Instructions and Forms for Governmental Entities

APPLICATION DEADLINE MAY 15, 2004

Department of Natural Resources and Conservation
Resource Development Bureau
P.O. Box 201601
1625 Eleventh Avenue
Helena, Montana 59620-1601

Telephone: (406) 444-6668
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Table of Contents

General Information 1
- Public Facility Project Applications 1
- Application Deadline 2
- Applicant Eligibility 2
- Project Eligibility 2
- Funding Selection 3
- Funding Limitations 3
- Grant Application Ranking Criteria 4

Application Checklist 7

Step 1: Application Summary 9

Step 2: Proposal Abstract 13

Step 3: Financial Presentation 14
- Instructions for Financial Feasibility Narrative 15
- Outline for Financial Feasibility Narrative 15
- Financial Documentation 18
- Instructions for Completing the Budget Forms 18
- Budget Forms for Renewable Resource Projects 19
- Applicant Affordability Data 23

Step 4: Environmental Evaluation 25
- Instructions the Environmental Narrative and Checklist 25
- Environmental Checklist 27

Step 5: Project Management Plan 33
- Instructions For Project Management Narrative 33
- Outline For Project Management Narrative 33

Step 6: Technical Presentation 34
- Instructions For Technical Narrative 34
- Outline for Technical Narrative 34

Step 7: Renewable Resource Benefits 37
- Instructions for Renewable Resource Benefits Narrative 37
- Outline for Renewable Resource Benefits Narrative 38

The Renewable Resource Program
Instructions and Forms for Grant and Loan Applications

General Information

The Montana Legislature established the Renewable Resource Grant and Loan Program to enhance Montana's renewable resources. The program is administered by the Resource Development Bureau of the Department of Natural Resources and Conservation (DNRC). This program is funded through interest accrued on the Resource Indemnity Trust Fund (RIT). The application forms in this booklet are for **governmental entities only**.

DNRC's Resource Development Bureau also administers other grant and loan funds that may be of interest to you or the group you represent. Grants are available to public entities under the Reclamation and Development Grant program for projects that compensate Montana citizens for the effects of exploration and mining on Montana lands or that serve public interest and the state of Montana. Grants and loans for private individuals and associations are available for **water-related** renewable resource projects. Private grant and loan applications are managed under a separate process from public entities and requires a separate application. For information or application materials, contact DNRC's Resource Development Bureau at (406) 444-6668.

Public Facility Project Applications

Applicants for public facility projects (drinking water, wastewater, and solid waste projects) must submit the *Uniform Application for Montana Public Facility Projects* in lieu of Steps 1, 2, 3, 4, and 6 of this application. Public facility project applicants must complete Step 5 (Project Management Plan) and Step 7 (Renewable Resource Benefits) of this application. A separate supplemental form containing Step 5 and Step 7 is available from DNRC.

Please include a digital copy of the application. Identify the software used and the names of all files. Applicants should submit **the original and three (3) additional copies** of the application, including copies of all supporting documentation and a **$250 application fee**, to:

Montana DNRC
Resource Development Bureau
P.O. Box 201601
Helena, MT 59620-1601

Phone: (406) 444-6668
Fax: (406) 444-6721
Website: www.dnrc.state.mt.us/cardd/loangrnt.htm
(all applications available electronically on the DNRC website)

Application Deadline

Application forms must be **hand delivered to DNRC or postmarked no later than May 15, 2004.** If you have questions or if we can help you in any way, please contact our office at (406) 444-6668.

Applicant Eligibility

Grants and Loans for Governmental Entities

Eligible applicants include any division of state government, tribal government, or other county, city, or local political subdivision. These entities, called governmental entities, in the past have included cities, towns, counties, county conservation districts, water and sewer districts, school districts, irrigation districts, joint boards of control, state agencies, and universities.

Project Eligibility

The types of projects that are eligible for funding are specified in *Montana Code Annotated* (MCA) §85-1-602.

> *[1] Either grants or loans may be provided to fund the following types of projects:*
> *(a) feasibility, design, research, and resource assessment studies;*
> *(b) preparation of construction, rehabilitation, or production plans; and*
> *(c) construction, rehabilitation, production, education, or other implementation efforts.*

Renewable resource projects, including water conservation, water quality, forestry, air quality, resource education, waste management, and other renewable resource-related projects, are eligible to receive grant and loan funding. Projects must enhance the common well being of Montanans through the conservation, management, development, or preservation of a targeted renewable resource. Projects that have received funding in the past include research and demonstration of improved farming practices, water conservation, resource planning studies and education, improved forest resource management, and development of better access to recreational opportunities.

Other eligible projects have produced feasibility and design studies for renewable resource projects. Numerous community infrastructure projects for water supply, wastewater, and solid waste facilities have received funding under this program. Funding is available for both preliminary engineering/design and construction of these facilities.

Eligible water-related, renewable resource projects include projects to construct or repair works for the purpose of irrigation, flood prevention, drainage, or the supply of water for public, domestic, industrial, stock, fire protection, or other beneficial uses. Eligible projects also include those for the preservation or benefit of fish and wildlife; improvement of public, water-based recreational opportunities; and development of hydropower.

The Renewable Resource Grant Program funds watershed projects that protect and improve water quality. Projects that control erosion, restore riparian zones, and help plan for the

management of surface water and groundwater sources, have received funding. Recreational projects that do not have resource benefits like municipal swimming pools or golf course developments are less likely to receive funding.

Funding Selection

After grant applications are received, DNRC staff and consultants will review the applications and make recommendations. The DNRC director and the governor then review the recommendations. By January 2005, these recommendations will be finalized and submitted to the Montana Legislature for approval. Legislative authorization will be completed near the end of April 2005. Successful applicants may execute Grant Agreements and Bond Purchase Agreements with DNRC after July 1, 2005. These agreements must be made prior to incurring expenses on the projects. Any expenses made prior to an executed grant agreement will NOT be reimbursable.

For a complete discussion of the criteria for ranking grant applications, please see section, *Grant Application Ranking Criteria*, on the following page.

Funding Limitations

Grants

Funds are appropriated directly by the legislature based upon recommendations from DNRC. DNRC limits its grant funding recommendations to a maximum of $100,000 for any one renewable resource project.

Loans

DNRC does not put a specific limit on the recommended loan amount. The limit is essentially the maximum amount that can be borrowed by the local government and repaid. Local governments enter into debt by issuing bonds. The type of bond that needs to be issued is dependent upon the type of local government and the source revenue used to make the payments. There are basically two categories of bonds. Revenue bonds are bonds that pledge the revenue of a system and are generated through rates and charges for the use of the system. The other type of bond is a tax-backed bond where the taxing authority of the local government is pledged as the source of repayment.

Drinking water and wastewater projects are encouraged to apply to the State's Revolving Fund (SRF) loan programs. These SRF loan programs are specifically designed to provide below market interest rates for these types of systems. However, there are renewable resource projects that are not eligible for funding under the SRF programs. An example would be the rehabilitation of an irrigation diversion dam. For these projects, the Renewable Resource Loan Program provides an excellent source of loan funds. If the applicant can demonstrate a high cost of water or other financial hardship, DNRC may recommend a below market rate loan. The identified cost and financial hardship will be compared to other projects that have been funded by the Renewable Resource program as well as other agencies. The amount of the subsidy depends upon the specific need that is demonstrated by the borrower.

Renewable Resource Grant and Loan Program
Application Ranking Criteria

Renewable Resource Grant and Loan Program applications are evaluated, scored and ranked according to the following criteria:

1. **Application Summary (no points)**

   All applicants must complete this section.

2. **Proposal Abstract (no points)**

   The proposal abstract will be incorporated into the Renewable Resource Grant and Loan Program's Report to the Montana Legislature. It is important to provide accurate information that best describes the renewable resource benefits and other merits that will be achieved. The abstract should be no more than 300 words.

3. **Financial Feasibility (-100 points)**

   Financial feasibility is determined based on information included in the application. DNRC evaluates the financial feasibility of the proposed project or study based on the budget submitted with the application, the affordability of the project to the users, and the feasibility of the proposed funding scenario. Deficiencies in the financial plan are determined and could result in the loss of up to 100 points.

4. **Adverse Environmental Impact (-100 points)**

   Each application includes an environmental evaluation prepared by the applicant or its consultant. In the case of public facility project applications, the environmental evaluation is part of the Uniform Application and is reflected in the Preliminary Engineering Report. Short-term impacts, including temporary construction impacts, should be addressed as well as long-term impacts, both positive and negative. Inadequately evaluating environmental impacts, or selecting alternatives which will result in adverse environmental impacts, could result in the loss of up to 100 points.

5. **Project Management and Implementation (-100 points)**

   Each application includes a project management and implementation plan. DNRC evaluates the plan to determine the adequacy of the applicant to manage or provide for the management of the proposed project, including records management and grant and loan administration. Specific areas that will be evaluated include staffing and coordination, public involvement, and contract management (including the management of all grant agreements), contracts with consultants, and construction contracts. Deficiencies in project management and implementation could result in the loss of up to 100 points.

6. **Technical Feasibility (400 points)**

Outlines are included in the application guidelines for the Technical Narrative or, in the case of public facility projects, the Preliminary Engineering Report. To facilitate the review of the Technical Narrative or Preliminary Engineering Report, it is recommended that these outlines be followed in preparing the application. Each application is evaluated on the basis of the following criteria:

A. Compliance with the prescribed outline and required information;

B. Adequacy of the alternative analysis;

C. Adequacy of cost estimates for potential alternatives and the preferred alternative;

D. Soundness of the basis used in selecting the preferred alternative;

E. Feasibility of the project's implementation schedule; and

F. The quality of supporting technical data submitted with the application. The Technical Narrative or, in the case of a public facility project application, Preliminary Engineering Report provide DNRC with the information used to evaluate the technical feasibility of the proposed project and could result in the award of up to 400 points.

7. **Resource and Citizen Benefits (600 Points)**

As stated in MCA 85-1-601, the purpose of the Renewable Resource Grant and Loan Program is to further the state's policies set forth in MCA 85-1-101 regarding the conservation, development, and beneficial use of water resources and to invest in renewable natural resource projects that will preserve for the citizens of Montana the economic and other benefits of the state's natural heritage. Resource and citizen benefits of proposed projects are evaluated by DNRC and could result in the award of up to 600 points. Resource and citizen benefits associated with each application are evaluated on the basis of the following criteria:

A. Renewable Resource Benefits

i) Resource **conservation**. Will the project ensure measurable future renewable resource benefits through the implementation of new or improved efficiencies and utilization practices? Will it improve water use efficiency through the installation of new or improved water meters or other measuring devices?

ii) Resource **development**. Will the project provide new benefits or enhance existing benefits through the development of a renewable resource? Will it support the development of state, tribal or federal water projects including regional water systems? Will it develop off-stream or tributary water storage or develop hydropower?

iii) Resource **management**. Will the project improve the measurable benefits of a

renewable resource through better stewardship or other improved use of the resource?

iv) Resource **preservation**. Will the project protect and thereby preserve the existing quality of a renewable resource? Will it reduce agricultural chemical use or prevent point sources of pollution?

B. Citizen Benefits and Public Support

i) **Multiple uses**. Will the project provide or enhance natural resource based recreation? Will it enhance Montana's fisheries or wildlife habitat?

ii) **New and permanent jobs**. Will the project directly result in new permanent jobs?

iii) **Public support**. Does the application include documented public support? Does the application contain letters of support? Have citizen groups (e.g., watershed councils, sportsmen groups, development councils) enlisted support for the project? Have public meetings been held (attach attendance lists)?

Renewable Resource Grant and Loan Program

Application Checklist

✓ **Be sure that each of the following items is included in your application. Applications are due no later than May 15, 2004.**

___ **1. Application Summary**

___ **2. Proposal Abstract**

___ **3. Financial Feasibility Narrative**

___ **a. Financial Documentation**

___ **b. Budget Forms**

___ **c. Applicant Affordability Data**

___ **4. Environmental Narrative and Checklist**

___ **5. Project Management Narrative**

___ **6. Technical Feasibility**

___ **7. Resource and Citizen Benefits**

Step 1: Application Summary

(All applicants must complete this form)

1. **Name of Applicant(s)** _____

2. **Project Title** _____

3. **Federal Tax Identification Number** _____

4. **Type of Entity** _____
   (City, County, Tribal Government, District, Other)

5. **Type of Project** _____
   (Irrigation, Municipal Water, Feasibility)

6. **Project Location** _____
   (Include a map of the Project Area and Latitude/Longitude coordinates)

7. **State Senate District** _____ **State House District** _____

8. **Population Served by Project** _____
   (if applicable)

9. **Number of Households Served by Project** _____
   (if applicable)

10. **Number of Farms or Ranches Served by Project** _____
    (if applicable)

11. **Number of Acres Served by Project** _____
    (if applicable)

12. **Authorized Representative** _____
    (Name)

    Mailing Address _____
    (Street/PO Box)

    _____
    (City/State/Zip)

    _____
    (Telephone)

13. **Contact Person** _____
    (Name)

    Mailing Address _____
    (Street/PO Box)

    _____
    (City/State/Zip)

    _____
    (Telephone)

13. Proposed Funding Sources

Enter the source and amount of all funding that may be used for this project. For each source, indicate the amount of funding in the appropriate column: grant, loan, or any other source including cash reserves. Total the amount for each source. Indicate all potential sources of funds that may apply to this project. The fact that you have not yet applied for the funds or have not yet received a commitment from the source does not matter. The total amount of the proposed funding may be greater than the estimated total project cost indicated below.

Name of Funding Source	Amount			
	Grant ($)	Loan ($)	Other ($)	Total ($)
A. Renewable Resource Program				
B.				
C.				
D.				
E.				
F.				

14. Estimated Total Project Cost $_____

15. Authorizing Statement

An authorized agent representing the applicant must, by his/her signature, indicate that the application for funds and expenditure of matching funds, as represented, is officially authorized.

A. Grant Authorization

I hereby declare that the information included in and all attachments to this application are true, complete, and accurate to the best of my knowledge, and that the proposed project complies with all applicable state, local, and federal laws and regulations.

I further declare that, for _____ (Applicant Name), I am legally authorized to enter into a binding contract with the Department of DNRC of Natural Resources and Conservation to obtain funding if this application is approved. I understand that all funds must be authorized by the Montana Legislature and that grant funds will become available only as Resource Indemnity Trust Fund interest is earned.

_____ _____
Applicant Name Date

_____
Authorized Representative (signature)

_____
Title

B. Loan Authorization

I hereby declare that the information included in and all attachments to this application are true, complete, and accurate to the best of my knowledge, and that the proposed project or activity complies with all applicable state, local, and federal laws and regulations.

I further declare that, for _____ (Applicant Name), I am legally authorized to enter into a binding contract with the Department of Natural Resources and Conservation to obtain loan financing if this application is approved. I understand that all funds must be authorized by the Montana Legislature, that loan funds will become available after the sale of state bonds, and that I will be expected to enter into a Bond Purchase Agreement when funding is available and according to my construction schedule.

_____ _____
Applicant Name Date

_____
Authorized Representative (signature)

_____
Title

Step 2: Proposal Abstract

Prepare a clear and concise description of your proposal that describes how the merits of the project provide benefits that support the purpose of the Renewable Resource Grant and Loan Program. This proposal abstract will be used to inform the review team and the public of the range of proposals submitted. DNRC staff will edit the abstract for spelling and obvious grammatical errors only. Because it will be incorporated into the Renewable Resource Grant and Loan Program's Report to the Montana Legislature, you should be careful to provide accurate information in the abstract that best describes the renewable resource benefits and other merits that will be achieved.

Your abstract should consist of **no more than 300 words**. Longer abstracts will be returned to you for redevelopment.

On your own paper, use the following format for your abstract.

Proposal Abstract

Submitted to Department of Natural Resources and Conservation

Applicant Name _____

Project Title _____

Project Description:

Step 3: Financial Presentation

(Instructions, Outline, Budget Forms, and Affordability Data)

The Financial Presentation is a central component of a successful grant or loan application. The following section contains background information that you may find helpful in constructing your presentation:

- a suggested outline for your financial narrative;
- a list of financial documentation that you should submit with the application;
- budget forms for listing project expenses; and
- affordability data for those applicants that collect revenues through the assessment of fees.

To help you build a defensible budget, DNRC provides the following definitions of project-specific versus program costs.

Project-Specific Costs are the only costs that DNRC will reimburse with grant and/or loan funds. Project-specific costs relate directly to the proposed project and will be incurred only if the project is implemented.

Project-specific costs are reimbursed through the following sources:

1. **Grant and Loan Dollars** are those funds contributed by DNRC through the Renewable Resource Grant and Loan Program.

2. **Matching Dollars** are project-specific funds provided by the applicant or a grant or loan from another funding agency. DNRC will require the applicant to provide documentation of all matching expenditures.

3. **In-Kind Contributions** are project-specific, non-dollar contributions that have an associated monetary value. Volunteer labor, loaned equipment, donated materials, and free services are examples of legitimate in-kind contributions. DNRC will require the applicant to provide documentation of all in-kind contributions.

Project Costs vs. Program Costs

Do not include program costs in the project budget. To determine whether a cost is project-specific or a general program cost, the project sponsor must determine how the costs will be accounted. Program costs cannot be broken out separately and applied to a single project. If, for example, the contributor provides services for the applicant or other clients that are carried out irrespective of the project proposal, then salaries associated with these tasks are program costs, not project-specific costs.

You may not use grant funds to supplant regular program costs such as rent, utilities, or salaries. In particular, a state agency or unit of the university system must not use grant funds for costs already legislatively authorized in an appropriation. For more information on this subject, contact DNRC.

Office rent is usually considered a program cost. For example, if a project sponsor currently rents office space and will allocate a portion of the office space to the proposed project, then the allocated portion of rent expense is a contribution of existing program costs. The cost is incurred whether or not the project is implemented. However, if you will need to rent additional office space to implement the project, that additional rental expense is a project cost. Regular staff salaries could be another example of a program cost. Salaries of existing fully funded staff positions are not considered in-kind contributions unless the man-hours associated with the effort expended on the project are accounted for.

Instructions for the Financial Feasibility Narrative

The financial narrative must demonstrate clearly that the funding is available to complete the project and that the project can be completed within the proposed budget. The budget forms, following the narrative, **may not** be used in lieu of the Financial Feasibility Narrative. Failure to submit adequate financial information will jeopardize your chance of receiving project funding.

The financial narrative should describe the use of funds committed to the project from DNRC and from matching funding sources. Do not include the costs for phases of construction completed before or after the term of a DNRC funding agreement. For example, if you have a multi-phase project to improve your community's water system over a 10-year period but now seek funding for a water tank, include only those costs associated with the tank. Do not include costs for work in progress or completed.

On your own paper, use the following format to present your discussion.

Financial Feasibility Narrative

Applicant Name _____

Project Title _____

Narrative Discussion:

Outline for the Financial Feasibility Narrative

The outline for the Financial Feasibility Narrative addresses the topics that DNRC will consider in the evaluation of the financial feasibility of your project. Structure your narrative accordingly. This outline is not all-inclusive; there are other topics you may wish to address.

1. **Explain the total budget**
   The narrative must explain the basis of the figures provided in the budget tables. Show how the amounts in each of the budget line items were calculated. For example, if the project

budget identifies $12,600 in material costs, provide the breakdown for all material costs (120 tons of gravel @ $30 per ton = $3,600 and 50,000 square feet of geotex material @ $0.18 per square foot = $9,000. Total material cost = $12,600).

Contract Administration
These costs include salaries, contracted services, and associated costs of administering the proposed project. Identify the amount necessary to successfully manage the project. Express this amount as a percentage of total project cost. The applicant must demonstrate that these costs are project-specific above and beyond general program costs. DNRC will only reimburse administration costs that are project-specific. University indirect costs for the purpose of grant administration are not eligible for grant funding.

Professional and Technical Costs
Include the cost of personnel or contracted services for professional services in this category. Examples include the cost of hiring an engineer, researcher, or attorney. These costs must be project-specific. **Provide the unit costs for all professional staff and contracted personnel.**

Construction Costs
These costs include costs of construction, equipment purchase, land, structures, and materials. Estimates of construction costs should include a ten percent (10%) contingency factor to protect against cost overruns. You may include an inflation factor, accounting for any time lapses between project approval and receipt of funding. Identify this cost on the budget forms.

A. Provide enough information to show clearly how the construction cost estimates were developed. The discussion should describe unit costs where applicable.

B. Provide the preliminary cost estimates used to evaluate the alternatives to the proposed project.

C. If another application with either greater or lesser project costs represented has been submitted to a funding agency, explain the discrepancy.

2. **Identify the operation and maintenance costs necessary to support the project in the future. Identify the source of funds you will use to cover these expenses.**
Grant or loan funding is often used to cover the construction costs for facilities and other infrastructure. Infrastructure includes items like riparian fencing and off-stream watering facilities. Discuss how you plan to provide funding for the ongoing operation and maintenance of facilities and infrastructure constructed with grant or loan funding.

3. **Describe the funding structure that ensures the project is financially feasible.**
The information you provide should demonstrate that adequate sources of funds are available to complete the proposed project. Include grants, loans, matching dollars, and in-kind contributions.

A. Identify any matching funds or in-kind contributions that the applicant will provide in support of the project budget.

B. Identify the other sources of matching dollars and the amount of contribution they will provide.

C. Identify the other sources of in-kind contributions and the value of the contributions they will provide. Eligible in-kind contributions are only those project specific contributions associated directly with project implementation.

D. Indicate whether any other costs remain undefined at the time of application.

Important Note:

The project's scope of work is legislatively approved and the intent of the project must remain intact. Substantial reduction from the proposed budget or from the proposed scope of work may result in reduced grant funding for the project.

4. Provide loan information.

A. Will tax revenues be pledged for repayment? If yes, will this be a special tax levy (e.g. a special improvement district) or will it be a pledge of the general taxing authority of the local government?

B. Will rates and charges be pledged for repayment (i.e. a revenue bond)? If yes, please describe the rates and charges of the system. Include in this discussion information about number of users and the method of calculating the rates (e.g. is it based on quantity of water or just on a per hook-up basis). Also, using the last fiscal year's information, what were the total revenues of the system and what was the cost of the operation and maintenance of the system?

C. Is there any outstanding debt that relies on the same revenues that will be the basis of the DNRC loan? If yes, what is the amount of the debt, what is the remaining term of the debt, and, if possible, please provide a copy of the bond resolution associated with the outstanding debt.

D. Use a rate of five percent (5%) over a 20-year term to calculate annual debt service payments associated with a Renewable Resource loan. Using this information along with current rate or tax information for the system, discuss the overall financial status of the local government. To be eligible for a below market rate of interest, the applicant must demonstrate a high financial need as measured by comparable systems in Montana.

Financial Documentation

Submit supporting documentation to provide evidence of the financial feasibility of the proposed project.

1. **Include copies of estimates used to generate the project budget.**

2. **If you applied to other funding agencies for grant and/or loan funds for the same project provide the following:**

   A. indication of the date a funding decision is expected, and whether you requested a grant or a loan;
   B. if funding has been secured, a copy of the notice of award.

3. **If other agencies, associations or individuals will provide in-kind or match funding, provide the following information:**

   A. copies of correspondence to show the date assistance was requested, the type of assistance (whether matching dollars or in-kind contribution), and the amount; the date a funding decision is expected;

   B. if funding has been secured, provide copies of correspondence documenting funding commitments and type of funds committed (matching dollars or in-kind contribution).

Instructions for Completing the Budget Forms

Complete one set of budget forms to indicate the details of the total estimated project cost. Show only those costs that you will document during project implementation. Include only costs directly related to the project. Do not include costs that will occur whether or not this project is implemented. These programmatic costs may not be included in this budget or attributed to the project, although they may support the project indirectly.

Use one column for each sponsor and for each type of funding (grant or loan). Add more columns if you need them. Place the name of contributors from other sources in the "other" columns. If all sources of funds are not secured, label one column "Unknown". The sum of the totals of each column must add up to the total estimated project cost.

Applicant Name _____ **Budget Forms For Renewable Resource Projects**

1. Contract Administration

Date _____

Category	DNRC Grant	DNRC Loan	Project Sponsor	Other _____ *(Specify)*	Other _____ *(Specify)*	Other _____ *(Specify)*	Total
Project Manager							
Administrative Support							
Benefits							
Legal Fees							
Accounting							
Subtotal							
Communications							
Supplies							
Travel							
Rental							
Total Administration							

2. Professional and Technical Costs

Date _____

Category	DNRC Grant	DNRC Loan	Project Sponsor	Other _____ (Specify)	Other _____ (Specify)	Other _____ (Specify)	Total
Professional _____							
Professional _____							
Benefits							
Contracted Services							
Travel							
Subtotal Professional							
Laboratory							
Communications							
Printing							
Equipment							
Subtotal Technical							
Total Professional & Technical							

Applicant Name _____ **Budget Forms For Renewable Resource Projects**

3. Construction Costs

Date _____

Category	DNRC Grant	DNRC Loan	Project Sponsor	Other _____ *(Specify)*	Other _____ *(Specify)*	Other _____ *(Specify)*	Total
Labor							
Materials							
Equipment							
Construction Contract							
Contingency (10%)							
Total Construction							

4. Total Costs

A. Total Administration							
B. Total Professional & Technical							
C. Total Construction							
Total Project Cost							

Applicant Affordability Data

Complete the following section only if your organization (i.e., cities, counties, irrigation districts, grazing districts, conservation districts) generates revenues through user fees or other assessments.

	Current	Projected
1. Total Annual Revenue	$	$
- Current rate or assessment levied on each user or acre	$	$
- Total number of users or acres that contribute to the revenue stream		
- Cost per additional unit or acre/foot	$	$
2. Total number of users that will be served by the project		
3. Amount assessed per user in support of project funding	$	$
4. Total amount or value of applicant matching contribution	$	$
5. Average monthly or annual rate	$ ☐ Check if this is a flat rate	$

Calculate the **projected average monthly** rate that will be charged to users after the proposed project is completed. The projected rate should include the current rate, plus increases that are anticipated to retire any debt to be incurred to finance the project, plus any increases in operating costs. **Applicants should assume that all requested and/or uncommitted funds would be received.** Please display the calculations and assumptions used in determining the projected rate. For assistance with this calculation, contact DNRC at (406) 444-6668.

Step 4: Environmental Evaluation

In order to avoid problems that would cause delays, add significantly to project costs, or even prevent a project from being carried out, all applicants must consider the potential environmental impacts of their projects. Preparation of this document can alert applicants to considerations in the location, design, or construction of projects that will help to avoid potential adverse environmental impacts or expensive mitigation or construction costs.

Instructions for Completing the Environmental Narrative

Provide a narrative evaluation of the potential environmental impacts for each of the appropriate project alternatives including the preferred alternative. Use the checklist on the following pages as a guide in your consideration of environmental impacts. Your narrative should describe and document the environmental resources of the area affected. Include any environmental assessments or analyses previously completed in addition to the completed environmental checklist.

Applicants must identify the sources consulted for the completion of the Environmental Evaluation. Sources may include studies, plans, documents, or the persons, organizations, or agencies contacted for assistance.

Instructions for Completing the Environmental Checklist

Complete an Environmental Checklist for each of the appropriate project alternatives. All applicants must submit the environmental checklist. DNRC will review the comments and prepare its own environmental evaluation to determine whether further information is required.

Five possibilities are listed on the form:

1. **N** - No Impact Anticipated or Not Applicable to This Project;
2. **B** - Potentially Beneficial Impact;
3. **A** - Potentially Adverse Impact;
4. **P** - Agency Approval or Permits Required; and
5. **M** - Mitigation Actions Required

A space is provided next to each subject area that is to be filled in using at least one of the letters found in the key at the top of each page. The key represents the five alternatives listed above. In most cases, only a brief response to each of the categories is required in order to indicate why there is no impact to the project or why it is not applicable. Responses should be provided in the "comments" section of this form. When completed on a computer, the form can be expanded to accommodate lengthy comments.

In some cases, it may be appropriate to indicate more than a single alternative. For example, if a potentially adverse impact has been identified, an agency approval or permit may also be required. **Where a potentially adverse impact is projected, the applicant must provide the following:**

1. a description and analysis of any reasonable alternatives that would avoid the impact and a justification for the selected alternative;

2. an evaluation of appropriate short and long-term measures to mitigate the potentially adverse impact and a discussion of the effects of those mitigative measures on the proposed project.

For assistance in preparing the Environmental Checklist, contact DNRC at 444-6668.

ENVIRONMENTAL CHECKLIST

Key Letter: N – No Impact/Not Applicable **B** – Potentially Beneficial **A** – Potentially Adverse
P – Approval/Permits Required **M** – Mitigation Required

PHYSICAL ENVIRONMENT	
Key _____	1. **Soil Suitability, Topographic and/or Geologic Constraints (e.g., soil lump, steep slopes, subsidence, seismic activity)** *Comments and Source of Information*:
Key _____	2. **Hazardous Facilities (e.g., power lines, hazardous waste sites, acceptable distance from explosive and flammable hazards including chemical/petrochemical storage tanks, underground fuel storage tanks, and related facilities such as natural gas storage facilities & propane storage tanks)** *Comments and Source of Information*:
Key _____	3. **Effects of Project on Surrounding Air Quality or Any Kind of Effects of Existing Air Quality on Project (e.g., dust, odors, emissions)** *Comments and Source of Information*:
Key _____	4. **Groundwater Resources & Aquifers (e.g., quantity, quality, distribution, depth to groundwater, sole source aquifers)** *Comments and Source of Information*:
Key _____	5. **Surface Water/Water Quality, Quantity & Distribution (e.g., streams, lakes, storm runoff, irrigation systems, canals)** *Comments and Source of Information*:
Key _____	6. **Floodplains & Floodplain Management (Identify any floodplains within one mile of the boundary of the project.)** *Comments and Source of Information*:
Key _____	7. **Wetlands Protection (Identify any wetlands within one mile of the boundary of the project.)** *Comments and Source of Information*:
Key _____	8. **Agricultural Lands, Production, & Farmland Protection (e.g., grazing, forestry, cropland, prime or unique agricultural lands) (Identify any prime or important farm ground or forest lands within one mile of the boundary of the project.)** *Comments and Source of Information*:

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Key _____	9. **Vegetation & Wildlife Species & Habitats, Including Fish (e.g., terrestrial, avian and aquatic life and habitats)** *Comments and Source of Information*:
Key _____	10. **Unique, Endangered, Fragile, or Limited Environmental Resources, Including Endangered Species (e.g., plants, fish or wildlife)** *Comments and Source of Information*:
Key _____	11. **Unique Natural Features (e.g., geologic features)** *Comments and Source of Information*:
Key _____	12. **Access to, and Quality of, Recreational & Wilderness Activities, Public Lands and Waterways, and Public Open Space** *Comments and Source of Information*:
HUMAN POPULATION	
Key _____	1. **Visual Quality – Coherence, Diversity, Compatibility of Use and Scale, Aesthetics** *Comments and Source of Information*:
Key _____	2. **Nuisances (e.g. glare, fumes)** *Comments and Source of Information*:
Key _____	3. **Noise – Suitable Separation Between Housing & Other Noise Sensitive Activities and Major Noise Sources (aircraft, highways & railroads.)** *Comments and Source of Information*:
Key _____	4. **Historic Properties, Cultural, and Archaeological Resources** *Comments and Source of Information*:
Key _____	5. **Changes in Demographic (Population) Characteristics (e.g., quantity, distribution, density)** *Comments and Source of Information*:
Key _____	6. **General Housing Conditions - Quality, Quantity, Affordability** *Comments and Source of Information*:

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Key _____	**7. Displacement or Relocation of Businesses or Residents** *Comments and Source of Information*:
Key _____	**8. Public Health and Safety** *Comments and Source of Information*:
Key _____	**9. Local Employment & Income Patterns - Quantity and Distribution of Employment, Economic Impact** *Comments and Source of Information*:
Key _____	**10. Local Employment & Income Patterns - Quantity and Distribution of Employment, Economic Impact** *Comments and Source of Information*:
Key _____	**11. Local & State Tax Base & Revenues** *Comments and Source of Information*:
Key _____	**12. Educational Facilities - Schools, Colleges, Universities** *Comments and Source of Information*:
Key _____	**13. Commercial and Industrial Facilities - Production & Activity, Growth or Decline** *Comments and Source of Information*:
Key _____	**14. Health Care – Medical Services** *Comments and Source of Information*:
Key _____	**15. Social Services – Governmental Services (e.g., demand on)** *Comments and Source of Information*:
Key _____	**16. Social Structures & Mores (Standards of Social Conduct/Social Conventions)** *Comments and Source of Information*:

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Key	17. **Land Use Compatibility (e.g., growth, land use change, development activity, adjacent land uses and potential conflicts)** *Comments and Source of Information*:
Key	18. **Energy Resources - Consumption and Conservation** *Comments and Source of Information*:
Key	19. **Solid Waste Management** *Comments and Source of Information*:
Key	20. **Wastewater Treatment - Sewage System** *Comments and Source of Information*:
Key	21. **Storm Water – Surface Drainage** *Comments and Source of Information*:
Key	22. **Community Water Supply** *Comments and Source of Information*:
Key	23. **Public Safety – Police** *Comments and Source of Information*:
Key	24. **Fire Protection – Hazards** *Comments and Source of Information*:
Key	25. **Emergency Medical Services** *Comments and Source of Information*:
Key	26. **Parks, Playgrounds, & Open Space** *Comments and Source of Information*:
Key	27. **Cultural Facilities, Cultural Uniqueness & Diversity** *Comments and Source of Information*:

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Key _____	28. **Transportation Networks and Traffic Flow Conflicts (e.g., rail; auto including local traffic; airport runway clear zones - avoidance of incompatible land use in airport runway clear zones)** *Comments and Source of Information*:
Key _____	29. **Consistency with Local Ordinances, Resolutions, or Plans (e.g., conformance with local comprehensive plans, zoning, or capital improvement plans)** *Comments and Source of Information*:
Key _____	30. **Is There a Regulatory Action on Private Property Rights as a Result of this Project? (consider options that reduce, minimize, or eliminate the regulation of private property rights.)** *Comments and Source of Information*:

Step 5: Project Management Plan

Effective planning and management is an essential component of successful project implementation. DNRC is interested to know how you plan to control the management issues that are key to successful project implementation. For example, what controls will you implement to insure that subcontractors will maintain the project schedule and provide timely and accurate progress reporting? What steps will you take to integrate public involvement throughout the course of the project? The outline for the Project Management Narrative addresses the management issues that DNRC will consider in evaluating the feasibility of your project. Structure your narrative accordingly.

Instructions for the Project Management Narrative

Discuss how you will implement this project from funding through project completion. Use the outline below to organize your presentation. This outline is not all-inclusive; there are other topics you may wish to address. **Two pages** should be sufficient to complete this section.

On your own paper, use the following format for your narrative.

Project Management Narrative

Applicant Name _____

Project Title _____

Narrative Discussion:

Outline for the Project Management Narrative

1. Identify the staff requirements necessary for successful project management. Discuss how you plan to meet those requirements. If possible, identify the members of your project management team including any consultants that will provide project management services.

2. Discuss any coordination activities with other local, state, or federal agencies that are necessary to implement the project.

3. Discuss how you plan to integrate public input throughout project implementation.

4. Describe the measures you will take to manage consultants that are responsible for completing major project tasks. Discuss the steps you will take throughout project implementation to stay informed on the status of consultant activities as they complete project tasks.

Step 6: Technical Presentation

Describe the work to be done with Renewable Resource Grant and Loan Program funds and with any matching funds committed to the project. Be careful to distinguish phases of the project that are completed before or after the term of the grant. Do not confuse tasks associated with past or future phases with the tasks of the proposed project. Discuss past phases or phases currently underway only as part of the history of your project.

For example, suppose an irrigation district is taking steps to improve irrigation infrastructure and is seeking funding to line irrigation canals. Currently, the district is installing new headgates on its main canal, and in the future the district plans to install measuring devices. In this scenario, the project proposal concerns **only** the canal-lining project. The applicant should discuss the technical merits of only the lining phase of the project.

Instructions For Technical Narrative

Use the Outline for Technical Narrative on the following page to organize your presentation and to ensure that nothing is omitted from your discussion.

Explain the existing situation and the problem. Then describe the problem and why the preferred alternative was chosen for a solution. Also discuss the specific tasks that will be carried out through project implementation. Finally, describe any appropriate alternative solutions to the problem and discuss why these solutions were ruled out in favor of the preferred alternative. Enough information is needed to accurately assess the technical feasibility of your project.

On your own paper, use the following format for your narrative.

Technical Narrative

Applicant Name _____

Project Title _____

Narrative Discussion:

Outline for Technical Narrative

This outline for the Technical Narrative addresses the topics that DNRC will consider in evaluating the technical feasibility of your project. Structure your narrative accordingly. This outline is not all-inclusive; there are other topics you may wish to address.

1. **Project Identification**

   A. Identify the physical location of the project.

   B. Identify the type of project (for example, research, planning, design, construction, etc.)

   C. Identify the proposed action (for example, conservation, management, protection, etc.)

2. **Discuss the project history, and describe all related work previously conducted**

   A. Discuss the circumstances that precipitated the need for the project.

   B. Discuss efforts made in the past to address the problem or achieve the proposed purpose.

   C. Identify related facilities, programs, or other resources that exist in support of the project.

3. **Describe the goals and objectives of the project** (a goal is a broad statement of the general purpose of the project, for example: Conserve water through improved infrastructure. Each goal should have at least one measurable objective. Objectives describe a specific result of the project and when this result will be achieved, for example: install 2,000 feet of canal lining by September 2004).

   A. Discuss the goals of the project.

   B. Identify specific project objectives you plan to accomplish in order to achieve those goals.

   C. Present the quantitative results, if any, that this project will achieve.

4. **Discuss the alternative solutions for completing the project objectives**. Compare the costs and benefits of each of the alternative solutions and the reasons for the selection of the preferred alternative. Include a 20 year present worth analysis. Alternatives discussed should be project-specific. For example, if the project is to install measuring devices for irrigation diversion structures, address the design alternatives for measuring devices and the relative costs and benefits of each of the design types (e.g., compare parshall flumes to short parshall flumes). Or if the project is to rehabilitate a water distribution line, address the alternatives for addressing the problem (e.g. slip lining the existing line versus replacement).

   A. Provide details of all appropriate alternative solutions to the problem identified.

   B. Provide a 20 year present worth analysis.

   C. Discuss the basis for the selection of the preferred alternative.

   D. Of the alternative solutions analyzed, does the preferred alternative provide the greatest net benefit to renewable resources? If not, discuss why you chose this alternative.

E. Is the alternative selected the lowest cost alternative? If not, discuss the reasons for the selection of the higher cost alternative.

5. **Provide a specific description of the project implementation plan.**

   A. Identify each of the specific tasks that will be necessary to accomplish each project objective.

   B. Present a detailed project schedule broken down by project task or objective.

   C. Quantify the staffing time necessary to complete the project.

   D. Identify the contracted services necessary to complete the project.

   E. Discuss any unknowns in the proposal that require future resolution.

6. **Provide supporting technical documentation.**

   A. Provide data on the natural features of the project area, such as soils, vegetation, and hydrology.

   B. Include any draft and/or completed technical reports and studies on the project.

   C. Provide a topographic map or aerial photo that shows the project location by sections, townships, and ranges. (Show titles on all maps, and include both a scale and a north arrow.)

   D. Identify any applicable statutes, rules, regulations, and standards to be met.

   E. Identify any licenses, permits, easements, and other agreements necessary to conduct the project.

Step 7: Resource and Citizen Benefits

(Instructions and Outline for Narrative)

Instructions for the Resource and Citizen Benefits Narrative

Use the outline for the Renewable Resource Benefits Narrative on the following page to organize your presentation. Describe the measurable benefits to renewable resources that your project will achieve. Describe how the project achieves the benefits prescribed in statute. Grant proposals are ranked according to the renewable resource benefits that will result from project implementation. Projects that achieve the greatest benefits to renewable resources receive the greatest number of points. A project that benefits health and safety would not receive ranking points unless it also provides the benefits prescribed in MCA Title 85, Chapter 1, Part 602. Please see the statute below.

Project reviewers need enough information to determine whether the benefits claimed in your proposal can be measured and are actually attainable. If you fail to provide adequate information, DNRC may contact you to require additional information and documentation before review of your proposal continues.

If you have completed objective studies that assess your project and its potential benefits, provide copies of these studies as attachments. If you have not conducted a formal benefit analysis, describe the process you used to assess and, if possible, quantify the benefits of your project.

MCA §85-1-602

(1) Objectives: The department [of Natural Resources and Conservation] *shall administer a renewable resource grant and loan program to enhance Montana's renewable resources through projects that measurably conserve, develop, manage, or preserve resources. Either grants or loans may be provided to fund the following:*
(a) feasibility, design, research, and resource assessment studies;
(b) preparation of construction, rehabilitation, or production plans; and
(c) construction, rehabilitation, production, education, or other implementation efforts.

(2) Projects that may enhance renewable resources in Montana include but are not limited to:
(a) development of natural resource-based recreation;
(b) development of offstream and tributary storage;
(c) improvement of water use efficiency, including development of new, efficient water systems, rehabilitation of older, less efficient water systems, and acquisition and installation of measuring devices required under 85-2-113; and development of state, tribal, federal, water projects;
(d) water-related projects that improve water quality, including livestock containment facility projects; and
(e) advancement of farming practices that reduce agricultural chemical use.

(3) The renewable resource grant and loan program is the key implementation portion of the state water plan and must be administered to encourage grant and loan applications for projects designed to accomplish the objectives of the plan.

Resource and Citizen Benefits Narrative

Applicant Name _____

Project Title _____

Narrative Discussion:

Outline for the Resource and Citizen Benefits Narrative

The outline below addresses the topics that DNRC will consider in evaluating the renewable resource benefits of your project. Structure your narrative accordingly. This outline is not all-inclusive; there are other topics you may wish to address. This narrative should not exceed **two pages** in length.

Projects may receive ranking points in each public benefit category. However, each project will only be eligible to receive maximum points in the category that is determined to be the project's primary purpose, to conserve or develop or manage or preserve. If there are benefits in other categories, the project may receive additional ranking points, but would not be eligible for maximum points in more than one category.

1. Describe the project's renewable resource benefits.

   A. **Conserve: to keep from loss**. Conservation benefits will be awarded to projects that improve the utilization efficiency of a renewable resource. Projects in this category will be ranked based on the improved efficiency.

      Examples of projects that are considered to have strong conservation benefits are:

      - Irrigation improvement projects that significantly improve the efficiency of water use; if the current delivery facilities result in significant losses of water between the point of diversion and the place of use, then a project that would reduce these losses through measures such as canal lining or installing pipe would qualify for conservation benefits;
      - Water meter installations where the meters are placed at the point of use so that the user is charged based on actual use; and
      - Replacement of antiquated equipment by new equipment that allows the increased utilization or savings of a renewable resource

   B. **Develop: to cause to grow or expand**. Development benefits will be awarded to projects that advance or expand the utilization of a renewable resource.

Examples of projects that are considered to have strong development benefits are:

- Construction of new irrigation facilities;
- Development of a new water well for a community;
- Construction of artificial wetlands or spawning beds; and
- Tree plantings in areas that would otherwise not be planted or naturally reseed

C. **Manage: to handle, direct, govern or control in action or use.** Management benefits will be awarded to projects that improve the governing entities' ability to control and administer a renewable resource.

Examples of projects that are considered to have strong development benefits are:

- Groundwater studies needed by watershed groups and/or county governments to determine where the resources are and where they are not;
- Engineering studies that identify alternatives for renewable resource projects; and
- Telemetry systems that allow the remote operation of water systems

D. **Preserve: to keep alive or in existence.** Preservation benefits will be awarded to projects that will keep in existence renewable resource benefits that exist today. Projects in this category will be ranked based on the preservation of existing benefits associated with the use or continued existence of a renewable resource.

Examples of projects that are considered to have strong preservation benefits are:

- Repair and restoration of a dam where the stored water provides significant public benefit;
- Repair or restoration of a stream channel; and
- Repair of a water or wastewater system to keep it in service.

2. Describe the project's Citizen Benefits and Public Support

A. **Multiple uses**. Will the project provide or enhance natural resource based recreation? Will it enhance Montana's fisheries or wildlife habitat?

B. **New and permanent jobs**. Will the project directly result in new permanent jobs?

C. **Public Support**. Does the application include documented public support? Does the application contain letters of support? Have citizen groups (e.g., watershed councils, sportsmen groups, development councils) enlisted support for the project? Have public meetings been held? (Attach attendance lists)

COURTESY OF MALTA IRRIGATION DISTRICT

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